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PACIFIC COAST SHELLFISH GROWERS ASSOCIATION

MARKETING OPPORTUNITIES FOR PACIFIC COAST OYSTERS

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FINAL REPORT

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INTRODUCTION

While seafood has received favorable publicity recently because of its health benefits and popularity in ethnic cuisine, US oyster growers have not experienced increasing demand. Per capita consumption of all oysters has hovered around .2 pounds during the past 10 years**.**

Pacific Coast Shellfish Growers Association (PCSGA) contracted with Food Marketing and Economics Group to survey Pacific Coast oyster producers and oyster buyers at all levels of the distribution stream—including US consumers. State funds and in-kind contributions for this project were matched with Federal funds under the Federal-State Marketing Improvement Program of the Agricultural Marketing Service, US Department of Agriculture.

The survey focused on oyster customers' perceptions of oysters and their oyster buying and marketing practices. Background information regarding oyster production, domestic production and consumption trends was reviewed. Interviews were conducted with Pacific Coast producers and trade customers: distributors, wholesalers and seafood buyers for grocery stores and restaurants. Two focus groups with middle-income consumers in Northern California were also conducted, along with 104 in-store interviews with consumers in the Seattle and Los Angeles markets. The findings were used to develop an overall marketing strategy for PCSGA. Major findings and recommendations are reported below.

FINDINGS

PRODUCTION & SUPPLY

- During recent years, annual oyster production on the Pacific Coast of the US has totaled approximately 8 million pounds (meat weight) or 56 million pounds (live weight). Farm-gate value of the production in 2000 was estimated at $69.4 million.
- In 2000, the total US supply of oysters totaled 71.4 million pounds (meat weight); 46% of the domestic supply was attributable to imports.

- Between 1991 and 2000, live oyster imports from Canada rose from 1.2 million pounds to 4.0 million pounds, and Korean imports rose from .8 million pounds to 1.7 million pounds. Canadian imports tend to double during the summer months.
- Processed oyster import volumes have been relatively stable over the past 10 years; they totaled 27.3 million pounds in 2000. Approximately 80% of the imports are from Korea.
- Approximately 6 companies on the West Coast are specialized distributors of shellfish. While some producers sell their oysters directly to consumers at their own retail stores, most oysters are sold through wholesalers. These wholesalers specialize in specific market segments—such as upscale restaurants and grocery stores, mainstream grocery and ethnic.
- Wholesalers specializing in upscale restaurants and oyster bars need to carry a variety of oysters; their customers serve sampler platters emphasizing the variation in flavors among oysters from different waters.
- A few PCSGA members are processing oysters into frozen, pressurized, canned or smoked products.

DEMAND

- In 2000, US per capita consumption of oysters was .26 pounds; it ranked as the 11th most popular seafood species.
- Some wholesalers consider spawniness to be problem with Pacific Coast oysters during the summer and carry only oysters from British Columbia in the summer. Triploid production appears to be very limited. Consumers at some upscale grocery stores have expressed GMO concerns about triploids.
- Wholesalers are having increasing difficulties getting their customers to accept oysters delivered more than 4 days after harvest.
- On the West Coast, there is a growing ethnic market (Asian and Hispanic) for large oysters.
- According to the in-store consumer survey conducted for this study, oysters on the half shell are the most popular preparation for oysters, both in restaurants and at home. Oysters are much more likely to be eaten in restaurants than in the home; they are considered a fun, social food.
- Users are particularly attracted to the flavor of oysters and consider them fun to eat. They are reluctant to serve oysters at home primarily because they consider oysters difficult to shuck.
- Many nonusers dislike the slimy texture and appearance of raw oysters. When offered a choice of potential oyster dishes, they were most likely (42%) to select barbecued oysters. Barbecued oysters are easy to prepare, reduce food safety risks and require no shucking.
- Data are not available to determine the volume of oysters marketed in each form. However, interviews with customers in the distribution stream indicate that for the past 5 years, live oyster sales have been increasing while shucked sales have declined. Some wholesalers reported that their oyster sales have dipped recently due to the economic downturn.

- National grocery scanner data indicate that 8.3 million pounds of canned/smoked oysters were sold at an average price of $6.11 per pound during 1999.
- West Coast oyster consumers have minimal interest in buying convenience-oriented frozen oyster products.

PROMOTION & ORGANIZATION

- Staff turnover is high at retail and food service seafood operations; there is a lack of awareness about oyster varieties, growing regions, safe handling methods, preparation methods.
- While consumers are generally concerned about the health benefits of most foods, they were not aware of the nutritional qualities of oysters. They were more concerned about the health risks associated with shellfish, and wanted information about minimizing these risks.
- Membership in PCSGA is voluntary; nonmembers benefit from its activities without paying dues. Its financial resources are stretched to the limit to cover a broad range of programs.

RECOMMENDATIONS

The primary purpose of this project was to identify marketing opportunities for Pacific Coast oysters. Pacific Coast oyster producers have implemented rigorous production and handling procedures to provide quality product. A number of specific tactics are recommended below; they are designed to be implemented by PCSGA and/or its individual members. They revolve around the following 3 strategies:

- **Educate wholesalers, retailers, restaurants and consumers about Pacific Coast oysters**
- **Focus on target markets with targeted products**
- **Expand alliances and funding sources**

STRATEGY #1—EDUCATE THE TRADE AND CONSUMERS ABOUT PACIFIC COAST OYSTERS

The seafood trade and consumers both want information about oysters. Wholesalers need to differentiate the oysters they are selling by flavor, growing methods and other characteristics. They want to assure their customers that oysters received more than 4 days after harvest can still be quality product. Restaurants and seafood retailers have considerable staff turnover; they need to continually provide information to their staff to provide consumers with credible information about oysters. Consumers are particularly interested in safe handling and preparation guideline for oysters.

The following recommendations support this education strategy:

- PCSGA needs to develop written informational materials for distributors and wholesalers about its oysters. The brochures should describe growing regions, growing methods, flavor profiles, safe handling procedures used by the producers and some history. Maps of growing regions are also desirable. Members could purchase these brochures from PCSGA for a nominal fee and distribute them to their current and prospective customers.

- Oyster bars and seafood restaurants are already important markets for Pacific Coast oysters. Many such establishments along the West Coast, and increasingly, along the East Coast, serve oysters on the half shell and cooked oyster dishes. There appears to be significant potential to increase sales at such establishments by providing more information to the restaurants' wait staff and to consumers. There is a mystique about oysters similar to that for wines; it can be capitalized on by providing information about growing areas and methods and flavor profiles.

- Upscale grocery stores and seafood markets on the West Coast are currently selling Pacific Coast oysters, some with very limited variety. Most of these markets indicated strong interest in educating their staff and consumers about oysters. In particular, they were interested in brochures with quick and easy oyster recipes, oyster growing areas and safe handling tips. Since many consumers are reluctant to eat raw oysters, recipes could be especially beneficial.

- Consumers--both users and nonusers--are not very knowledgeable about the safe handling or preparation of oysters, but they are very interested in these topics. A brochure describing the measures taken by oyster producers and wholesalers to ensure safe product should be distributed to consumers through seafood counters. The brochure should also include handling and shucking tips. Nutritional benefits, and quick and easy recipes (including how to barbecue oysters) should also be presented in a brochure.

- All of the information printed in PCSGA's brochures should also be posted on its website with links to appropriate sites, and distributed through press releases.

- PCSGA's website can also be expanded to become a major promotional tool. PCSGA has already initiated an interactive web-based marketing access database. This critical marketing tool requires the membership's broad participation in order to be considered a valuable resource by prospective buyers. The database should be expanded to include growing methods, packaging options and shipping capabilities—similar to bcseafood online. Flavor profiles and space for a brief commentary by the producer should also be included. The information should be updated at least weekly.

- ✔ The seafood trade should have access to the database. Search capabilities are being expanded to include specific species and product forms.

- ✔ In addition to links to members' websites, PCSGA's website links to related websites should be expanded, such as to health and nutrition associations, culinary groups and tourism organizations.

- ✔ Since oyster users are highly attracted to the flavor of oysters, a list of descriptors should be developed to characterize oysters from different growing areas. This "flavor matrix" should be posted on PCSGA's website with links to appropriate sites. A brochure could be distributed to both retailers and restaurants. It would also be useful in educating consumers about the many oyster production areas on the Pacific Coast. Consumers would be encouraged to compare oysters from different areas, similar to wine tasting.

STRATEGY #2—FOCUS ON TARGET MARKETS WITH TARGETED PRODUCTS

PCSGA and most of its members have limited resources. It is important to focus on target markets to maximize the effectiveness of marketing efforts. There are 4 major markets that should be the focal point of PCSGA's and its members' marketing efforts:

- upscale grocery and specialty seafood markets
- oyster bars and upscale restaurants
- select chain restaurants
- specialty food service venues, such as cruise lines

Mainstream grocery stores are conspicuously absent from this list. Despite their size and market power, these stores are not attractive targets for promoting Pacific Coast oysters. Similarly, the ethnic market is not a target for PCSGA; although ethnic demand for oysters is significant, there is little, besides price, that will influence demand in this market.

Except where specifically noted, it is recommended that PCSGA focus its efforts on operations in the West (Alaska, Washington, Oregon, California, Nevada, Arizona, Utah and Idaho) where one-fifth of the US population resides. Not every type of oyster product is appropriate to promote at each target market. The recommended marketing matrix is displayed on the following page.

Although shucked oysters are not marked for upscale grocery and oyster bar markets, clearly some shucked product will be sold into these markets. However, shucked oysters should not be promoted at the expense of marketing live oysters. Similarly, promotional activity at specialty food service venues, such as cruise liners, sports stadiums and buffet-oriented restaurants, should be focused on processed oysters. Frozen or pressurized oysters on the half shell are ideally suited for these venues, where labor constraints and handling concerns are paramount.

TARGET MARKET & PRODUCT MATRIX

TARGET MARKET	OYSTER PRODUCT TYPE		
	LIVE	SHUCKED	PROCESSED
UPSCALE GROCERY & SEAFOOD MARKETS	X		X
OYSTER BARS & UPSCALE RESTAURANTS	X		
SELECT CHAIN RESTAURANTS	X	X	X
SPECIALTY FOOD SERVICE VENUES			X

- ✔ PCSGA should utilize the brochures and online database mentioned in the Education Strategy to promote to upscale grocery stores and seafood markets, oyster bars and upscale restaurants. Wholesalers, on both the West and East Coasts, should also be advised of these resources.

- ✔ Currently, consumers are much more likely to eat oysters at a restaurant than at home. At home usage should be promoted, particularly if restaurant dining is decreasing due to the economic downturn. Oyster users are reluctant to eat oysters at home because they consider oysters shucking to be difficult. Retailers need to be encouraged to shuck oysters for their customers and/or provide instruction on oyster shucking

- ✔ Barbecued oysters were highly rated by current oyster users and were the preferred preparation among nonusers who were willing to try oysters again. They should be promoted in both restaurants and grocery stores, as an alternative to oysters on the half shell. Restaurants should be encouraged to feature combination platters of oysters, with both half shell and barbecued oysters. The barbecued oysters could help current nonusers overcome their dislike for the slimy texture and appearance of raw oysters. They can be prepared at home easily, do not require shucking and are an excellent use for larger oysters. Promotional materials at grocery stores should emphasize their ease of preparation, and should include quick sauce recipes. Fried oysters prepared from shucked oysters should also be promoted.

- ✔ Several regional and national restaurant chains currently serve oysters or plan to do so in the near future. The potential increase in demand for Pacific Coast oysters is significant. PCSGA and its members should approach these potential customers directly to determine their specific needs, rather than relegating the marketing to their wholesalers.

- ✔ Specialty food service venues should be explored, primarily for processed oysters. Processed oysters, such as frozen IQF oysters, pressurized oysters and breaded oysters are ideal in high volume settings where preparation opportunities are limited. Potential niche markets includes cruise lines (especially those sailing to Alaska), airline caterers for first class, sports stadiums (Safeco Field could be an ideal start), casinos, ski lodges and restaurants with high volume brunches. Clearly, the relative cost of oysters dictates that these operations cater to a high-end clientele.

- PCSGA members should explore marketing canned and smoked oyster products in the specialty food market. Demand for a portion of the 27 million pounds of canned and smoked oyster imports could be shifted to high quality product produced on the West Coast. Domestic consumers will buy attractively-packaged canned and/or smoked oysters, particularly if their geographic origin is emphasized. The products would be sold through upscale grocery stores and seafood markets, with some food service potential also. Copacking arrangements may be best in the short-term, rather than each producer investing in canning and smoking facilities. Members could seek matching funds from USDA's Value-Added Agricultural Product Market Development Grant program to research the market for canned and smoked oyster products.

STRATEGY #3—EXPAND ALLIANCES AND FUNDING SOURCES

PCSGA has operated with very limited resources. If it intends to extend its marketing program, PCSGA needs to expand its alliances and funding sources.

- PCSGA should develop an audit and accreditation program to promote the safe handling procedures followed by its members. A PCSGA "seal of approval" should be developed and printed on oyster producers' shipping materials, and displayed prominently at seafood counters. The procedures needed to obtain certification should be publicized to the seafood trade and consumers.

- Consumers expressed considerable interest in oysters certified as "sustainably harvested." PCSGA should investigate an ecolabeling program with an established organization, such as the Marine Stewardship Council or the Audubon Society. Conversely, organic oysters were not very important to consumers; PCSGA should defer seeking organic certification for oysters.

- PCSGA needs to encourage cooperation and collaboration among its members. Namely, adding Pacific Coast oysters onto the menus of chain restaurants will require producers to provide steady, high quality supplies. Individual producers could encounter production problems because of environmental conditions; they need to be prepared with backup supplies. Such collaboration occurred when 3 firms from Willapa Bay pooled their production to meet export volume requirements to Japan.

- Similarly, PCSGA members in remote areas should explore partnering on refrigerated transportation.

- If PCSGA undertakes more promotional activities, it needs additional funding. The voluntary membership base could be expanded and/or dues could be raised. PCSGA could seek funding from its members' state governments. It was already successful in obtaining funding for this research project, and could seek similar funding for promotional activities.

PACIFIC COAST SHELLFISH GROWERS ASSOCIATION MARKETING OPPORTUNITIES FOR PACIFIC COAST OYSTERS

FINAL REPORT

INTRODUCTION & OBJECTIVES

The Pacific Coast Shellfish Growers Association (PCSGA) contracted with Food Marketing and Economics Group to conduct a survey of oyster consumption, including assessment of current consumer trends and identification of potential niche markets. PCSGA is a voluntary organization representing the local, state and federal interests of oyster, clam, mussel, scallop and geoduck growers from Alaska, British Columbia, Washington, Oregon, California, Mexico and Hawaii in issues ranging from environmental protection, shellfish health and safety, and technological advances to international marketing and research.

While seafood has received favorable publicity recently due of its health benefits and popularity in ethnic cuisine, US oyster growers have not experienced increasing demand. Per capita consumption of all oysters has hovered around .20 pounds during the past 10 years. Oyster growers on the Pacific Coast currently have considerable underutilized production capacity. PCSGA successfully secured funding from the Federal-State Marketing Improvement Program of the Agricultural Marketing Service, US Department of Agriculture to address this issue. The major objective of this study is to provide oyster growers in Alaska, Washington, Oregon and California with the market information and strategy needed to expand their market.

The project is targeted especially to small farmers who generally lack the infrastructure to embark upon marketing campaigns as individual businesses. It is focused on marketing issues—primarily related to promotion, product specifications and distribution. It does not address the regulatory and environmental issues that are also creating major challenges for the industry.

METHODOLOGY

After reviewing information about oyster production techniques, production trends and trade statistics, Food Marketing and Economics Group conducted a series of in-depth interviews with consumers and individuals connected to the US oyster trade. Interviews with oyster producers focused on their product offerings (oyster varieties, product forms, packaging), market seasonality, how their oysters are distributed, and the marketing obstacles they currently face. Interviews with distributors, wholesalers and seafood buyers from grocery chains, independent seafood markets and restaurants focused on identifying their favored oysters, features and services they desire (varieties, sizes, packaging, delivery schedules, volume requirements), current sourcing patterns, and their likes and dislikes of Pacific Coast oysters. Additionally, they were asked what kinds of information they needed concerning oysters. The 82 individuals related to the oyster trade who were interviewed for this project are listed in Appendix A.

Two focus groups were conducted in Northern California with oysters users and nonuser. More detailed information was gathered through in-store interviews with 104 consumers in Seattle and the Los Angeles area; half were oyster users and the other half were not.

The key findings from these interviews are reported in:

Pacific Coast Oyster Producers	**Appendix B**
Distributors and Wholesalers	**Appendix C**
Seafood buyers at grocery stores & seafood markets	**Appendix D**
Seafood buyers at food service operations	**Appendix E**
Consumers—Northern California Focus Groups	**Appendix F**
Consumers—In-store Interviews with users and nonusers in Seattle and Los Angeles	**Appendix G**

FINDINGS

PRODUCTION SITUATION

Oysters constitute the largest shellfish crop on the Pacific Coast; in 1998, production, measured in meat weight, totaled 8.4 million pounds among the four states—Alaska, Washington, Oregon and California (Table 1). Based on a 7:1 live/meat conversion ratio, total live weight production for 1998 was estimated at 58.6 million pounds. PCSGA estimated that the farm-gate value of oyster production in the 4 states totaled $69.4 million in 2000.

TABLE 1
PACIFIC COAST OYSTER PRODUCTION

POUNDS PRODUCED BY STATE (meat weight)					
Year	**Alaska**	**Washington**	**Oregon***	**California**	**Total**
1990	NA	8,039,529	301,705	1,557,951	NA
1991	NA	6,965,753	351,086	1,550,274	NA
1992	NA	6,855,954	425,390	1,303,844	NA
1993	NA	7,361,688	598,405	1,562,138	NA
1994	NA	7,522,264	724,051	1,619,345	NA
1995	53,257	7,092,220	858,805	1,396,447	9,400,729
1996	53,432	7,332,515	722,916	1,135,862	9,244,725
1997	52,876	5,932,135	706,937	1,102,756	7,794,704
1998	54,817	6,489,998	746,747	1,085,185	8,376,747
1999	NA	7,045,058	701,683	805,976	NA
2000	NA	NA	NA	782,327	NA
source: various State Fish and Game departments					
*For completeness, total production in Oregon includes unofficial estimated volumes for private lands in Coos Bay.					

US oyster production is centered in three areas—the Pacific Coast, the East Coast and the Gulf. Markets in each region tend to be supplied primarily by their respective production areas. However, significant volumes of Atlantic oysters are shipped from the Eastern US to the West Coast, and shipments of Pacific Coast oysters to the East Coast are also reported to be increasing. Most wholesalers on the West Coast refuse to handle Gulf oysters because of their reputed problems with *Vibrio vulnificus.*

There are over 100 different waters on the Pacific Coast that lend their names to the labels of Pacific Coast oysters. Many are quaint-sounding and add to the mystique of oysters. Wholesalers who service oyster bars and specialty seafood restaurants emphasized that it is essential for them to have oysters from a variety of locations. Their customers are usually interested in sampler platters. Several wholesalers wanted information about oyster production regions and methods, and flavor profiles for the different locations. Some wholesalers prepare descriptions of the various oysters they carry, including the size, growing method, flavor and availability. A restaurant executive commented: ***"We need more information for our wait staff to be able to pass on to our customers—that's what sells oysters."*** Another executive chef explained: ***"The more information we have, the more credibility we have with consumers."***

Selling oysters is similar to selling wine; flavor and production information can be tremendous sales tools for both products. Otherwise, consumers can be overwhelmed by the choices they face.

Spawniness is a concern with oysters produced during the summer in Washington, Oregon and California. Some individuals with restaurants shared the frustration that their demand for oysters is greatest during the summer when the product is generally of the lowest quality and availability. A few producers on the West Coast are producing triploids and have year-round supplies. A few wholesalers commented that it is difficult for them to stock enough triploids, while others did not know what triploids were. Two upscale grocery chains commented that they do not carry triploids because their customers are concerned about genetically modified organisms (GMOs). Wholesalers and seafood buyers need to be educated that triploids are not genetically modified; they are created through a heat process during meiosis which prevents the loss of chromosomes that would normally occur. This renders the organism infertile.

OYSTER IMPORTS

Two basic types of oyster products are imported—live and processed. Live oyster imports rose from 3.5 million pounds in 1995 to 6.3 million pounds in 2000;

approximately, two-thirds of these oysters are from Canada (Table 2). Two major oysters are imported from Canada—Pacifics from British Columbia and Eastern oysters (*Crossostrea virginica),* branded as Malpeques, from Prince Edward Island. Korea supplied one-fourth of the live imported oysters. A small amount of live oysters is imported from New Zealand during the summer for the oyster bar market.

TABLE 2
US LIVE OYSTER IMPORTS
Pounds (meat weight)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Canada	1,227,460	1,545,833	1,671,505	1,762,216	1,830,847	1,944,109	1,890,395	2,008,274	3,028,949	4,037,736
China, PRC	38,202	12,238	8,434	201,096	51,266	51,352	1,985	57,775	37,375	60,858
Japan	177,117	215,179	141,561	143,367	207,122	130,666	247,692	186,424	162,927	384,074
Korea	767,889	1,426,419	1,817,617	1,005,626	1,388,257	1,148,086	1,409,723	1,206,450	1,318,548	1,735,551
ALL COUNTRIES	**2,279,516**	**3,389,751**	**3,723,841**	**3,255,671**	**3,618,187**	**3,472,577**	**3,920,353**	**3,850,611**	**4,699,528**	**6,333,591**

source: US Department of Commerce

Oysters from British Columbia (and a very limited number from Alaska) are the only Pacific Coast oysters that some wholesalers on the West Coast will carry in the summertime. Between 1991 and 2000, live oyster imports from Canada rose from 1.2 million pounds to 4.0 million pounds, a 329% increase. Further analysis of monthly data for 2000 indicates that imports of live oysters from Canada effectively double during the summer (June through September). During the in-store survey, consumers in the Los Angeles market preferred oysters from British Columbia over other production areas because of the perception of pristine waters.

None of the wholesalers interviewed acknowledged handling live oysters from Korea, although imports of live oysters rose from .8 million pounds in 1991 to 1.7 million pounds in 2000, a 226% increase. It is likely that most of these imports are being marketed through ethnic channels; the ethnic market is reviewed later in this report.

Imports of processed oysters (canned or smoked) have fluctuated over the past ten years, with a slight surge in 2000 to 27.3 million pounds (Table 3). Korea supplies approximately 80% of the processed oysters imported to the US; most of the remaining 20% is sourced from China.

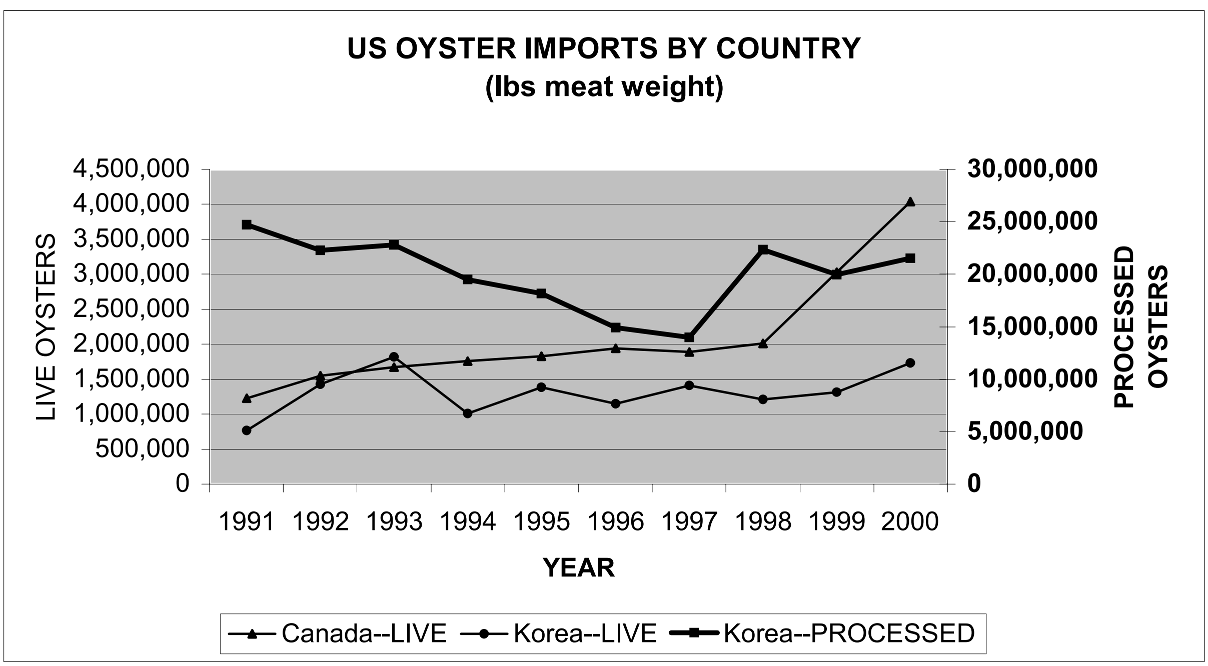
TABLE 3
US PROCESSED OYSTER IMPORTS
Pounds (meat weight)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Canada	0	0	0	0	110,133	6,192	4,128	0	0	1,098
China, PRC	0	0	0	415,528	2,269,950	4,826,297	4,910,050	3,670,538	5,808,235	5,543,502
Japan	1,354,454	617,246	827,027	340,613	270,560	11,775	12,608	108,010	11,484	8,408
Korea	24,745,829	22,272,024	22,821,122	19,492,923	18,136,551	14,930,895	13,990,579	22,326,750	19,955,411	21,554,554
ALL COUNTRIES	**26,438,845**	**23,458,417**	**24,899,932**	**21,842,088**	**21,002,519**	**19,838,815**	**19,054,646**	**26,242,433**	**25,973,394**	**27,326,201**

source: US Department of Commerce

Overall, Korea is the largest supplier of imported oysters; in 2000, they totaled 23.3 million pounds (Figure 1). Although oyster imports from Korea have remained relatively steady over the past ten years, these imports represented one-third of the total oyster consumption in the US in 2000. Historically, Korea has been a low-cost producer.

FIGURE 1



Unfortunately, values for many imported products reported by US Department of Commerce have been repeatedly inaccurate; the reported values for oyster imports also looked erroneous and were not analyzed for this study.

OYSTER SUPPLY

Total oyster production in the US declined considerably between 1997 and 1999, then rose to a peak of 41.1 million pounds in 2000 (Table 4). Due to this rise, the total supply of oysters increased 30% between 1999 and 2000. US oyster exports have been relatively stable. They comprised only 6% of domestic production.

TABLE 4
US OYSTER SUPPLY, 1991-2000

(Meat Weight in Thousand pounds)					
Year	**US commercial landings**	**Imports (1)**	**Total**	**Exports**	**Total Supply**
1991	31,859	30,547	62,406	739	61,667
1992	36,156	26,529	62,685	797	61,888
1993	33,575	28,244	61,819	1,131	60,688
1994	38,086	24,694	62,780	1,988	60,792
1995	40,380	24,200	64,580	1,908	62,672
1996	38,007	21,708	59,715	1,648	58,067
1997	39,652	20,533	60,185	2,191	57,994
1998	33,538	29,575	63,113	1,877	61,236
1999	26,983	30,012	56,995	2,047	54,948
2000	41,146	32,735	73,881	2,447	71,434
(1) Imports and exports were converted to meat weight using the following conversion factors: .93 canned, 3.12 canned, smoked, and .75 other products.					
Source: National Marine Fisheries Service					

CONSUMPTION TRENDS

In 2000, per capita US seafood consumption reached 15.6 pounds for the first time since 1989. Consumption is continuing to shift away from canned seafood to fresh and frozen seafood. A growing array of fresh seafood is available in grocery stores as consumers seek healthy and easy-to-prepare foods.

Consumption trends for the “top 11” seafood species are shown in Table 5. Oysters lost their tenth place ranking in 1999 to scallops when per capita consumption dropped to .20 pounds. In 2000, oyster consumption rose slightly to .26 pounds. Several wholesalers and restaurants commented that their recent sales of oysters have been adversely affected by the recent economic slowdown.

TABLE 5
TOP 10 U.S. SEAFOODS, 1990-2000

	POUNDS PER CAPITA										
	1990	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**
Canned Tuna	3.20	3.60	3.50	3.50	3.30	3.40	3.20	3.10	3.40	3.50	3.60
Shrimp	2.20	2.40	2.50	2.50	2.60	2.50	2.50	2.70	2.80	3.00	3.20
Ak Pollock	1.27	0.99	1.23	1.20	1.52	1.52	1.62	1.64	1.65	1.57	1.69
Salmon	0.73	0.97	0.87	1.00	1.11	1.19	1.44	1.30	1.38	1.70	1.60
Catfish	0.70	0.77	0.91	0.99	0.86	0.86	0.90	1.02	1.06	1.16	1.13
Cod	1.38	1.12	1.08	1.03	0.93	0.98	0.92	1.06	0.97	0.77	0.77
Crabs	0.29	0.32	0.33	0.75	0.31	0.32	0.33	0.42	0.57	0.54	0.46
Flatfish	0.48	0.39	0.51	0.62	0.36	0.30	0.38	0.33	0.39	0.39	0.43
Clams	0.61	0.58	0.62	0.59	0.54	0.57	0.52	0.46	0.39	0.41	0.49
Scallops	0.30	0.25	0.27	0.26	0.29	0.24	0.27	0.25	0.22	0.24	0.28
Oysters	0.22	0.19	0.19	0.19	0.19	0.19	0.22	0.22	0.23	0.20	0.26
All Seafood	**15.0**	**14.9**	**14.8**	**15.0**	**15.2**	**15.0**	**14.8**	**14.6**	**14.9**	**15.4**	**15.6**
Source: National Fisheries Institute											

The following information about US consumption of oysters was obtained from a November, 2000 report prepared by David Zimet and John Smith at the University of Florida. A telephone survey was conducted with consumers nationwide to evaluate the market potential for frozen oysters with no detectable levels of *Vibrio vulnificus*. They concluded that:

- 63% of the consumers had eaten oysters
- Two-thirds of them like oysters
- Residents of the Atlantic Southeast, Atlantic Northeast and Gulf Coast were more likely to like oysters than the Pacific Coast and noncoastal respondents
- Men are more likely to eat oysters than women, and to be frequent consumers (greater than once a month)
- Individuals with annual household incomes above $80,000 are more likely to eat oysters than those with lower household incomes
- 19% of those who had tried oysters expressed an interest in purchasing frozen oysters (either whole or on the half shell) at the grocery store
- Respondents with health concerns about oysters were more likely to be interested in the frozen oyster products.

According to the in-store consumer survey conducted as part of this study, oysters on the half shell are the most popular preparation for oysters ordered at a restaurant or eaten at home. However, these West Coast consumers had minimal interest in a convenience-oriented frozen oyster. Users are particularly attracted to the flavor of oysters and consider them fun to eat. Users were reluctant to serve oysters at home primarily because they consider oysters difficult to shuck. Many nonusers dislike the slimy texture and appearance of raw oysters. When offered a choice of potential oyster dishes, they were most likely (42%) to select barbecued oysters. Barbecued oysters are very easy to prepare, reduce food safety risks and require no shucking

PRODUCT FORMS

Oysters produced on the West Coast are sold live, shucked or processed. Data are not available to determine the volume marketed in each form. However, interviews with customers in the distribution stream indicate that for the past 5 years, live oyster sales have been increasing while shucked sales have declined.

Shucked oysters are packaged in typically in 10-ounce jars for the retail market, or quart, ½-gallon and 1-gallon buckets for the food service market. Limited quantities of shucked oysters are smoked, and canned or vacuum-packed. Oyster stew was a popular product during the 1950s. It is no longer produced on the West Coast; consumer preferences have shifted to fresh product.

There is little processing of oysters, besides shucking, on the Pacific Coast. Ameripure, based in Louisiana, calls itself “America’s Leading Oyster Processing Company.” In 1995, it began marketing heat-processed oysters to address food safety concerns. Several wholesalers and two restaurant chains commented that they were not satisfied with the flavor of Ameripure oysters. In July 2001, Ameirpure received a warning letter from the Food and Drug Administration for HAACP violations related to the control of V*ibrio vulnificus.*

A limited quantity of Pacific Coast oysters is processed for the frozen half-shell market (IQF) by Taylor United Shellfish. Asia is the primary market for these oysters. Hillman Oyster Company in Texas appears to be a leading supplier of frozen oyster products in the US; Pristine Oyster in Florida also markets IQF oysters. Two firms in British Columbia, Pearl Seaproducts and AquaTec, are known to produce IQF oysters. In July, 2000, the Canadian embassy in Tokyo issued a report stating there is considerable interest in the Japanese market for IQF oysters.

During the past six months, a Washington-based company, Goose Point, has begun producing pressurized oysters in the shell; these oysters have a 14 day shelf life in refrigerated form. Two Louisiana-based companies, Motivatit and Joey Oysters, also are authorized licensees of the pressurized technology, "Fresher Under Pressure." They market their treated Gulf oysters to major restaurant chains, such as Hooter's and Bennigan's, and grocery chains and seafood restaurants in the South. Wholesalers who sell to high-volume food service operations, such as cruise lines and casinos, expressed interest in IQF and pressurized oysters because they require less care in handling and are already shucked.

CANNED OYSTER SALES

Although most of the canned oysters sold in the US appear to be Korean product, sales of canned oysters are analyzed because it represents a potential niche market for PCSGA members. Canned (smoked or otherwise) could offset some of the declining sales of jarred shucked oysters.

According to AC Nielsen household panel data, only 5.3% of US households purchased canned oysters (smoked or otherwise) at least once a year (while 78.7% purchased canned tuna and 22.3% purchased canned salmon). Purchasers of canned oysters tend to be older. There are two demographic groups most likely to buy canned oysters; empty-nester couples (55 years and older) are 40% more likely and middle-aged singles (35-54 years old) are 30% more likely than the average consumer to buy canned oysters.

US scanned grocery store sales of canned oysters totaled $38.3 million in 1999, up 8.8% from 1998. These volumes only represent sales through grocery stores; they do not include sales at specialty stores or mass merchandisers. The leading brands and their sales data are displayed in Table 6.

The most popular package sizes for canned oysters are 3.75-ounce and 8-ounce cans, with 44% and 36% of total product sales, respectively.

TABLE 6
US CANNED OYSTER SALES, 1998 & 1999

	SUPERMARKET SALES (MILLION $)		PHYSICAL VOLUME (MILLION LBS)		AVERAGE RETAIL ($/LB)	
BRAND	**1999**	**1998**	**1999**	**1998**	**1999**	**1998**
Geisha	$6.61	$6.06	1.09	1.02	$6.08	$5.95
Crown Prince	$5.61	$5.15	0.90	0.80	$6.27	$6.41
Chicken of the Sea	$5.02	$4.08	0.88	0.70	$5.70	$5.89
Reese	$3.37	$3.45	0.35	0.34	$9.68	$9.99
Orleans	$3.32	$3.53	0.54	0.59	$6.15	$6.00
Pacific Pearl	$1.99	$1.85	0.30	0.28	$6.58	$6.54
Polar	$1.85	$1.97	0.30	0.32	$6.09	$6.09
Three Diamond	$1.78	$1.73	0.35	0.33	$5.12	$5.17
Bumble Bee	$1.27	$0.37	0.19	0.06	$6.58	$6.36
Private Label	$1.06	$1.15	0.17	0.19	$6.40	$6.32
Western Oysters*	$0.35	$0.32	0.05	0.05	$7.25	$6.31
ALL BRANDS	$39.28	$36.10	6.32	5.79	$6.11	$6.23
*Ranked 19th in US sales, but included because it is a PCSGA member						
source: InfoScan and Food Institute						

This limited review indicates that there is growth potential in the canned oyster market. The volume of canned oysters increased by 9.2% between 1998 and 1999. With an average price of $6.11 per pound, there appears to some opportunities for Pacific Coast oyster producers to market attractively packaged canned oysters as a convenient, healthy appetizer. A variety of flavors could be marketed.

An alternative product is smoked or flavored oysters in vacuum packaging which need refrigeration. Ekone Oyster in Willapa Bay recently launched such a product line in vacuum packaged bags. Gerard and Dominque, based in Bothell, market a line of smoked seafood in vacuum packaged black styrofoam trays. These products require refrigeration and have a 15 day shelf-life.

MARKETING SITUATION

Oysters produced on the West Coast are marketed live through several channels. A limited volume is sold directly by growers through their own retail stores, at farmers' markets and roadside stands, or delivered to restaurants, grocery stores and seafood markets. Most of the oysters for the half shell market are delivered to distributors. Producers in more remote locations on the Oregon and Northern California coasts reported they have faced difficulties getting access to refrigerated transportation.

The following companies are specialized distributors of shellfish: Penn Cove, Taylor United Shellfish, Nisbet, Steve and Mike's, and Marinelli's. These distributors sell some oysters directly to retailers and food service operations or export them; however, most of the volume is sold to US wholesalers. There are three major distributors/ wholesalers of seafood on the West Coast. They appear to be growing rapidly through acquisitions. Pacific Fresh is headquartered in Portland and has five distribution facilities and nine processing facilities (for various kinds of seafood) along the West Coast. American Fish and Seafood has approximately twelve distribution facilities and sales offices across the US. Ocean Beauty, based in Seattle, sources worldwide and processes frozen and canned seafood products; it has distribution and sales outlets in Alaska and throughout the continental United States. There are many local seafood wholesalers on the West Coast that serve a limited geographic area.

Besides the small retail stores operated by oyster producers, there are 4 major kinds of retail outlets where oysters are sold: mainstream grocery stores, upscale grocery stores, ethnic food stores and seafood markets. Although no data are available, sales of live oysters at mainstream grocery stores appear to be limited; some of these stores in Northern California do not carry either live or shucked oysters. There has been considerable consolidation in the US grocery sector. This is creating opportunities for upscale chains and specialty markets, which are more service-oriented. Whole Foods is a rapidly growing natural foods chain with 120 stores clustered on the East and West Coasts, with a sprinkling of stores in the middle of the country. Its stores have a heavy emphasis on perishable foods, including seafood. They recently endorsed and are carrying Alaskan salmon labeled under Marine Stewardship Council's ecolabel.

Seafood markets are typically located in major metropolitan areas or along the coast. Because of the careful handling required by oysters, seafood markets are also a good sales outlet for oysters. These stores typically have trained staff who can educate consumers. The ethnic market for oysters is reviewed in the next section.

There are 4 major kinds of food service operations that market oysters. The traditional ones are oyster bars and seafood restaurants; they usually offer a variety of oysters, and serve them on the half shell, fried and in other cooked preparations. Executives at these operations emphasized that they need more information about the oysters they carry in order to market them effectively. More recently, midscale chains, such as Red Lobster and Darden's have expressed interest in Pacific Coast oysters. Other types of food service locations interested in serving oysters are cruise lines, casinos and sports stadiums. These high volume venues with little skilled labor could be an ideal market for processed oysters—IQF, pressurized and breaded. Food service opportunities for Pacific Coast oyster producers are reviewed in further detail in Appendix E.

GROWING ETHNIC POPULATION

A major demographic force affecting demand for oysters is rapid growth in the Asian and Hispanic populations. The minority population grew at 12 times the rate of non-Hispanic Caucasian-Americans from 1990 to 2000, and continued growth is predicted.

Hispanics now account for 12.5% of the U.S. population, African Americans for 12.3% and Asians for 3.6%.

The growth in the Asian and Hispanic populations on the West Coast has been even more pronounced. Oysters are particularly popular among Mexican, Chinese, Filipino and Vietnamese consumers. There are wholesalers and retailers that specialize in the Hispanic and Asian markets, particularly on the West Coast. Ethnic wholesalers include:

H&N International	South San Francisco, CA
K&S Seafood	San Jose, CA
LA Fish (part of American Fish and Seafood)	Los Angeles, CA
Pacific American	Los Angeles, CA
Sea Winn	Los Angeles, CA
South China	Los Angeles, CA
SouthWind	Los Angeles, CA

The major ethnic grocery chains on the West Coast are 99 Ranch Markets and Seafood City. Headquartered in Buena Park, California, 99 Ranch Markets are operated by Tawa Supermarkets, which owns its shopping centers. There are 13 stores in Southern California clustered around Los Angeles and San Diego, 6 stores around the San Francisco area, and a store in Kent, Washington. Seafood City Markets are Filipino-owned; there are 2 stores in the Los Angeles area and another 2 in San Diego. Central Market in Shoreline, Washington could be considered an ethnic market; however, it also has a large Caucasian clientele.

These stores sell large volumes of large-size oysters; the oysters are often displayed in tanks or large trays. Customers can also buy full boxes of oysters at a discount. They also handle shucked oysters, usually in large sizes. Hispanic consumers typically eat their oysters raw while Asian consumers reportedly cook theirs.

HEALTH BENEFITS AND RISKS

Consumers, particularly aging baby boomers, have expressed considerable interest in the health benefits of specific foods. Many manufacturers and commodity groups are promoting the nutritional benefits of their products.

Oysters are a very healthful food. They are low in fat and especially high in protein, vitamin B12 and iron, as shown in Table 7. The findings from the in-store survey indicate that most consumers are not aware of the health benefits of oysters. Only seventeen percent mentioned, with skepticism, that they had heard oysters were an aphrodisiac. They expressed fairly strong interest in getting nutritional information about oysters.

TABLE 7

NUTRIONAL ANALYSIS OF OYSTERS

Oysters/6 broiled	
Calories	47
Total fat (g)	1.3
Saturated fat (g)	0.4
Monounsaturated fat (g)	0.1
Polyunsaturated fat (g)	0.4
Dietary fiber (g)	0
Protein (g)	4
Carbohydrate (g)	4
Cholesterol (mg)	22
Sodium (mg)	96
Vitamin B12 (mcg)	14
Iron (mg)	4.6
Selenium (mcg)	46TR>
Zinc (mg)	27

source: National Fisheries Institute website.

Consumers were concerned about the health risks associated with eating oysters. As with many other food products, a small proportion of the population is allergic to shellfish. Public health organizations continually warn individuals with compromised immune systems not to eat raw shellfish. However, toxic outbreaks are of greater concern. Several growers and wholesalers mentioned that their sales are impacted whenever there is a highly publicized outbreak associated with oysters, even if the outbreak is attributed to Gulf oysters. The 1998 outbreak in Tomales Bay, California was particularly damaging to local producers.

One-third of the users specifically mentioned that they don't eat oysters during the summer, or during months that do not contain the letter "R". While most nonusers disliked oysters because of their slimy texture, 15% cited concerns about potential contamination. Users rated "Grown and handled to maximize product safety" as the most important product characteristic. Both users and nonusers were most interested in a brochure about safe handling guidelines. Consumers want to be assured that the oysters they eat are safe. Representatives of food service chains were particularly sensitive to the safety of oysters; some want to eliminate the risk by serving only treated oysters.

One of the ethnic seafood chains, Seafood City, displayed both Pacific Coast and Gulf oysters in tanks in its stores during July, 2001 with signs in 3 languages warning its customers about the dangers of eating raw shellfish.

There are 2 strong reasons for not focusing on nutritional benefits when promoting oysters. The foremost factor is that consumers have been inundated with nutritional information, much of which is later disputed. They have become cynical or skeptical about such information, but they still express a politically correct interest in nutritional benefits during interviews. Furthermore, consumers consider oysters to be a treat; people seek nutritional benefits in the staple foods that they eat, not from their indulgences.

CONCLUSIONS AND RECOMMENDATIONS

OPPORTUNITY AND ISSUE ANALYSIS

The findings reported above clearly indicate that there are marketing opportunities and issues facing PCSGA. The strategy and programs recommended in this section are based on the following opportunities and issues:

OPPORTUNITIES

- New processed products--frozen, pressurized, smoked
- Nutritional benefits of oysters, including reputed aphrodisiac
- Triploid enable year-round supply
- Mystique of growing areas and production methods
- Growth in natural foods stores emphasizing perishables
- Barbecued oysters are easy to prepare, not slimy, don't need shucking
- Oysters are a social food, fun to eat
- There is a mystique about the flavors of oysters grown in different areas, similar to wine

ISSUES

- Live oyster imports from Canada and Korea are increasing
- Over 27 million pounds of canned oysters are imported annually
- Retail sales of shucked oysters are declining
- The national economy has been weakening
- Staff turnover is high at retail and food service seafood operations; there is a lack of awareness about oyster varieties, growing regions, safe handling methods, preparation methods
- Triploids generate GMO concerns among some consumers
- There are health risks associated with eating raw shellfish
- Producers in remote areas have difficulty accessing refrigerated transportation
- Consumers perceive oysters as hard to shuck
- Oysters grown in most parts of the Pacific Coast spawn during the summer
- Live oysters have a relatively short shelf life
- Membership in PCSGA is voluntary; nonmembers benefit from its activities without paying dues. Its financial resources are stretched to the limit to cover a broad range of programs.

The primary purpose of this project was to identify marketing opportunities for Pacific Coast oysters. Pacific Coast oyster producers have implemented rigorous production and handling procedures to provide quality product. However, oysters are not broadly accepted by consumers. Many are put off by the appearance and texture of raw oysters, and have concerns about the safety of the product. Consumers who order oysters at restaurants are often reluctant to buy them at the store because they consider oysters difficult to shuck. Imports of live oysters from Canada and Korea are increasing. Many grocery stores and restaurants are apprehensive about carrying Pacific Coast oysters, particularly during the summer. Their staff often lacks the knowledge to promote the oysters effectively to their customers. PCSGA needs to educate customers about differences in its producers' products and how the oysters are handled to maximize their safety.

PCSGA has limited resources for promotional activities, as do most of its members. To maximize the effectiveness of these resources, promotional activities must be highly targeted. There are specific markets and specific product types that have the greatest potential; activities must be focused in these areas.

PCSGA needs to expand its limited resources. There are structural changes that could be explored to seek additional funds. More collaboration and cooperation among PCSGA members could also enhance the capabilities of individual members.
Thus, PCSGA and its members must make a long-term commitment to these proposed strategic elements. Several years are needed to change the attitudes and buying habits of the consumers and the trade. Consequently, maintaining a consistent long-term program is essential.

A number of specific tactics are recommended below; they are designed to be implemented by PCSGA and/or its individual members. They revolve around the following 3 strategies:

- **Educate wholesalers, retailers, restaurants and consumers about Pacific Coast oysters**
- **Focus on target markets with targeted products**
- **Expand alliances and funding sources**

STRATEGY #1—EDUCATE THE TRADE AND CONSUMERS ABOUT PACIFIC COAST OYSTERS

The seafood trade and consumers both want information about oysters. Wholesalers need to differentiate the oysters they are selling by flavor, growing methods and other characteristics. They want to assure their customers that oysters received more than 4 days after harvest can still be quality product. Restaurants and seafood retailers have considerable staff turnover; they need to continually provide information to their staff to provide consumers with credible information about oysters. Consumers are particularly interested in safe handling and preparation guideline for oysters.

The following recommendations support the education strategy element:

- PCSGA, or its members, need to develop written informational materials for distributors and wholesalers about its oysters. The brochures should describe growing regions, growing methods, flavor profiles, safe handling procedures used by the producers and some history. Maps of growing regions are also desirable. Members could purchase these brochures at cost from PCSGA and distribute them to their current and prospective customers.

- Oyster bars and seafood restaurants are already important markets for Pacific Coast oysters. Many such establishments along the West Coast, and increasingly, along the East Coast, serve oysters on the half shell and cooked oyster dishes. There appears to be significant potential to increase sales at such establishments by providing more information to the restaurants' wait staff and to consumers. There is a mystique about oysters similar to that for wines; it can be capitalized on by providing information about growing areas and methods and flavor profiles. Again, written material could be developed by PCSGA for purchase by its members at cost.

- Upscale grocery stores and seafood markets on the West Coast are currently selling Pacific Coast oysters. Some offer a very limited variety. Most of these markets indicated a strong interest in educating their staff and consumers about oysters. In particular, they were interested in brochures with quick and easy oyster recipes, descriptions of oyster growing areas and safe handling tips. Since some consumers are reluctant to eat raw oysters, the recipes could be especially beneficial.

- Consumers--both users and nonusers--are not very knowledgeable about the safe handling or preparation of oysters, but they are very interested in these topics. A brochure describing the measures taken by oyster producers and wholesalers to ensure safe product should be distributed to consumers through seafood counters. The brochure should also include handling and shucking tips. Nutritional benefits, and quick and easy recipes (including how to barbecue oysters) should also be presented in a brochure.

- All of the information printed in PCSGA's brochures should also be posted on its website with links to appropriate sites, and distributed through press releases.

- ✔ PCSGA's website is being expanded to become a major promotional tool. PCSGA has already initiated an interactive web-based marketing access database, This critical marketing tool requires the membership's broad participation in order to be considered a valuable resource by prospective buyers. The database already includes contact information about producers, including links to their websites. It also lists production location(s), business types, production volumes, varieties, sizes. and product forms (such as live, shucked, IQF and smoked). The database should be expanded to include growing methods, packaging options and shipping capabilities—similar to bcseafood online--www.bcseafoodonline.com). Flavor profiles and space for a brief commentary by the producer should also be included. The information should be updated at least weekly.

- ✔ The seafood trade should have access to the database. The search capabilities are being expanded to include specific species and product forms.

- ✔ In addition to links to members' websites, PCSGA should expand its website links to more related websites, such as health and nutrition associations, culinary groups and tourism organizations.

- ✔ Since oyster users are highly attracted to the flavor of oysters, a list of descriptors should be developed to characterize oysters from different growing areas. This "flavor matrix" should be posted on PCSGA's website with links to appropriate sites. A brochure could be distributed to both retailers and restaurants. It would also be useful in educating consumers about the many oyster production regions on the Pacific Coast. Consumers would be encouraged to compare oysters from different regions, similar to wine tasting.

STRATEGIC ELEMENT #2—FOCUS ON TARGET MARKETS WITH TARGETED PRODUCTS

Because PCSGA and most of its members have limited resources, it is important to focus on target markets to maximize the effectiveness of its marketing efforts. There are 4 major markets that should be the focal point of PCSGA's and its members' marketing efforts. These segments are:

- upscale grocery and specialty seafood markets
- oyster bars and upscale restaurants
- select chain restaurants
- specialty food service venues, such as cruise lines

Mainstream grocery stores are conspicuously absent from this list. Despite their size and market power, these stores are not attractive targets for promoting Pacific Coast oysters. Unlike their upscale counterparts, they do not have a supportive environment for marketing live oysters. They lack the labor to interact with consumers and handle the product carefully, and consequently carry a limited assortment of oysters, if they have any at all. Opportunities for PCSGA are much greater in the other markets. Once PCSGA has successfully developed marketing programs with upscale grocery stores and seafood markets, it could consider working with a select group of mainstream grocery chains.

Although the ethnic demand for oysters is significant, this market has not been selected as a target for PCSGA. As noted by the seafood marketing expert Jon Rowley, “the ethnic demand is what it is.” There is little, besides price, that will influence demand in this market. It is an important market for some producers; as long as basic quality requirements are met and prices are reasonable, this market will continue to flourish in the near term. There is a rapidly growing Hispanic population in Texas, but it would be difficult for Pacific oysters to displace Gulf oysters in this marketplace because Gulf oysters are considerably cheaper.

Except where especially noted, it is recommended that PCSGA focus its efforts on operations in the West (Alaska, Washington, Oregon, California, Nevada, Arizona, Utah and Idaho) where one-fifth of the US population resides. With the exception of Chicago and ski areas in the Rockies, seafood consumption in the Midwest is limited. The Southeast is “owned” by the Gulf. Specific opportunities for PCSGA in the Eastern seaboard are noted.

Not every type of oyster product is appropriate to promote at each target market. The recommended marketing matrix is displayed in Table 8.

TABLE 8
TARGET MARKET & PRODUCT MATRIX

TARGET MARKET	OYSTER PRODUCT TYPE		
	LIVE	SHUCKED	PROCESSED
UPSCALE GROCERY & SEAFOOD MARKETS	X		X
OYSTER BARS & UPSCALE RESTAURANTS	X		
SELECT CHAIN RESTAURANTS	X	X	X
SPECIALTY FOOD SERVICE VENUES			X

Although shucked oysters are not marked for upscale grocery and oyster bar markets, clearly some shucked product will be sold into these markets. However, these sales will be incidental to the targeted product in these markets—live oysters; shucked oysters should not be promoted to take away from the promotional effort for live oysters. Similarly, promotional activity at specialty food service venues, such as cruise liners, sports stadiums and buffet-oriented restaurants, should be focused on processed oysters. Frozen or pressurized oysters on the half shell are ideally suited for these venues, where labor constraints and handling concerns are paramount. Smoked oysters could also be an appealing appetizer in some of these venues, as well as a specialty food item in upscale grocery stores and seafood markets.

- ✔ PCSGA should utilize the brochures and online database mentioned in the Education Strategy to promote to upscale grocery stores and seafood markets, oyster bars and upscale restaurants. Wholesalers, on both the West and East Coasts, should also be advised of these resources.

- ✔ Currently, consumers are much more likely to eat oysters at a restaurant than at home. At home usage should be promoted, particularly if restaurant dining is decreasing due to the economic downturn. Oyster users are reluctant to eat oysters at home because they consider oysters shucking to be difficult. Retailers need to be encouraged to shuck oysters for their customers and/or provide instruction on oyster shucking

- ✔ Barbecued oysters were highly rated by current oyster users and were the preferred preparation among nonusers who were willing to try oysters again. They should be promoted in both restaurants and grocery stores, as an alternative to oysters on the half shell. Restaurants should be encouraged to feature combination platters of oysters, with both half shell and barbecued oysters. The barbecued oysters could help current nonusers overcome their dislike for the slimy texture and appearance of raw oysters. They can be prepared at home easily, do not require shucking and are an excellent use for larger oysters. Promotional materials at grocery stores should emphasize their ease of preparation, and should include quick sauce recipes. Fried oysters prepared from shucked oysters should also be promoted.

- ✔ Several regional and national restaurant chains currently serve oysters or plan to do so in the near future (see Appendix E). The potential increase in demand for Pacific Coast oysters is significant. PCSGA and its members should approach these potential customers directly to determine their specific needs, rather than relegating the marketing to their wholesalers.

- ✔ PCSGA members should explore developing canned and smoked oyster products directed at the specialty food market (such as the Gerard & Dominque and Ekone Oysters' products). A portion of the demand for the 27 million pounds of canned and smoked oyster imports could be shifted to high quality product produced on the West Coast, to offset some of the declining market for shucked oysters. Domestic consumers will buy attractively-packaged canned and/or smoked oysters, particularly if their geographic origin is emphasized. The products would be sold through upscale grocery stores and seafood markets. There could be some food service potential for these products also. Copacking arrangements may be best in the short-term, rather than each producer investing in canning and smoking facilities. Members could seek matching funds from USDA's Value-Added Agricultural Product Market Development Grant program to research the market for canned and smoked oyster products.

- ✔ Specialty food service venues should be explored, primarily for processed oysters. Processed oysters, such as frozen IQF oysters, pressurized oysters and breaded oysters are ideal in high volume settings where preparation opportunities are limited. Potential niche markets includes cruise lines (especially those sailing to Alaska), airline caterers for first class, sports stadiums (Safeco Field could be an ideal start), casinos, ski lodges and restaurants with high volume brunches. Clearly, the relative cost of oysters dictates that these operations cater to a high-end clientele.

STRATEGIC ELEMENT #3—EXPAND ALLIANCES AND FUNDING SOURCES

PCSGA has operated with very limited resources. If it intends to extend its marketing program, PCSGA needs to expand its alliances and funding sources.

- ✔ PCSGA should develop an audit and accreditation program to promote the safe handling procedures followed by its members. A PCSGA "seal of approval" should be developed and printed on oyster producers' shipping materials, and displayed prominently at seafood counters. The procedures needed to obtain certification should be publicized to the seafood trade and consumers.

- ✔ Consumers expressed considerable interest in oysters certified as “sustainably harvested.” PCSGA should investigate an ecolabeling program with an established organization, such as the Marine Stewardship Council or the Audubon Society. Conversely, organic oysters were not very important to consumers; PCSGA should defer seeking organic certification for oysters.

- ✔ PCSGA needs to encourage cooperation and collaboration among its members. Namely, adding Pacific Coast oysters onto the menus of chain restaurants will require producers to provide steady, high quality supplies. Individual producers could encounter production problems because of environmental conditions; they need to be prepared with backup supplies. Such collaboration was required when oysters from Willapa Bay were exported to Japan; 3 producers pooled their production to meet the volume requirements.

- ✔ Similarly, PCSGA members in remote areas should explore partnering on refrigerated transportation.

- ✔ If PCSGA undertakes more promotional activities, it needs additional funding. The voluntary membership base could be expanded and/or dues could be raised. PCSGA could seek funding from its members’ state governments. It was already successful in obtaining funding for this research project, and could seek similar funding for promotional activities. Approximately 8 years ago, Alaska’s oyster producers obtained market development funds from the state. Since 1999, Texas’s oyster producers have received market development support from the state to sponsor food service expos and public relations campaigns.